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ABSTRACT

Popular notions of poverty in America overlook the rural poor or assume that their problems are the same as those of the inner-city poor. This report, the first in a series on rural poverty, describes the characteristics of the rural poor and examines rural-urban differences in poverty. In 1987, the poverty rate was 16.9% in nonmetropolitan areas, compared to 12.5% in metropolitan areas and 18.6% in central cities. Between 1978 and 1987, poverty rates in both nonmetro areas and central cities rose more than 20%, although unemployment rates for the two years were similar. Poverty rates for Blacks in 1987 were 44.1% in nonmetro areas and 33.3% in central cities; poverty rates for Whites and Hispanics did not differ between nonmetro areas and central cities. In nonmetro areas, as in the rest of the nation, Blacks, families headed by women, young families, and children were most likely to be poor. Nevertheless, the vast majority of the rural poor did not fit common stereotypes. They were White and lived in families containing two parents with at least one worker. Elderly people also comprised a larger share of the nonmetro than of the metro poor. In addition, rural poverty was concentrated regionally. The South contained 53.6% of the U.S. nonmetro poor, virtually all of the Black nonmetro poor, and 188 of 206 "persistently low income counties" in the United States. This report contains 10 references and 24 figures and tables. (SV)

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POVERTY IN RURAL AMERICA

A NATIONAL OVERVIEW

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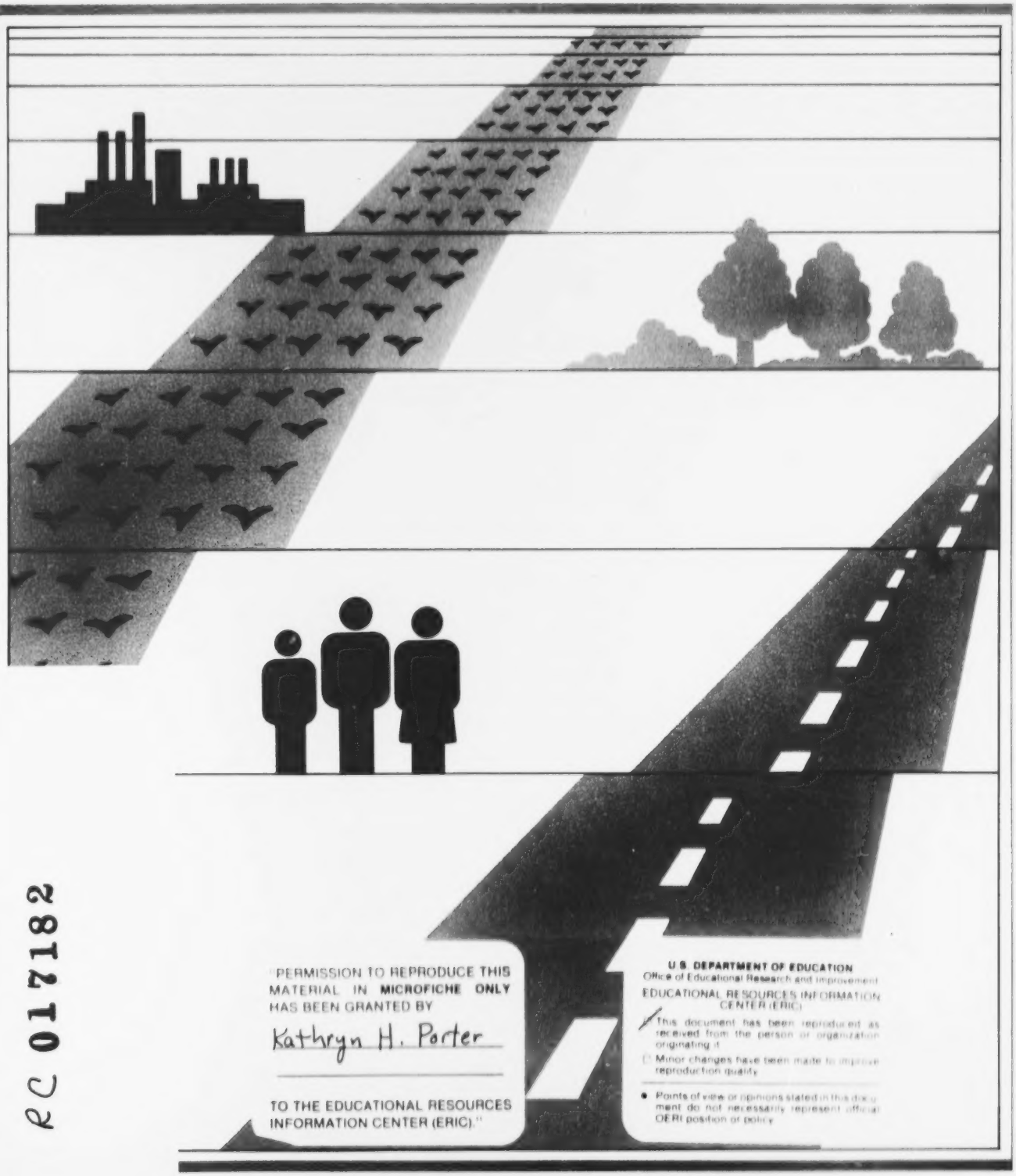

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Center on Budget and Policy Priorities

POVERTY IN RURAL AMERICA

A National Overview

Kathryn H. Porter

CENTER ON BUDGET AND POLICY PRIORITIES
Washington, D.C.

CENTER ON BUDGET AND POLICY PRIORITIES

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INTRODUCTION

To most Americans, poverty is predominantly an urban issue. The image of the inner-city welfare mother has come to represent the poor in the minds of much of the general public and many policymakers. There is no doubt that the concentrated poverty of America's large cities poses serious problems both for the residents of those areas and for our society. In trying to address the problems of the urban poor, however, we often tend to overlook poverty in rural areas.

In fact, poverty rates are *higher* in rural areas than in metropolitan areas. Over nine million of the poor -- more than one of every four poor Americans -- live outside of a metropolitan area.

Not only are the rural poor often overlooked, but policies formulated to address the problems of the poor frequently treat low income rural people as if their problems were the same as those of the inner-city poor. At the other extreme, policies designed to ameliorate rural poverty sometimes assume that all the rural poor live on farms. (In fact, fewer than 10 percent of the rural poor live on farms.) The popular notions of poverty reflect the tendency of the public and policymakers to view the problems of the poor as if all those in poverty shared a similar background.

In reality, the poor population has many different faces and different problems. One set of policy prescriptions is unlikely to provide remedies for the problems of all poor people. Instead, those who would deal with the problems of the poor need to understand the different aspects of poverty.

This report focuses on the rural poor. To provide a better understanding of who the rural poor are, the report describes their characteristics and examines how the rural poor are similar to and different from the urban poor. This report, the first in a series on rural poverty to be issued by the Center on Budget and Policy Priorities, provides an overview of the rural poor and sets the context for subsequent reports that will explore factors leading to poverty among rural people and why poverty is more prevalent in rural than in metropolitan areas. The series will also include papers outlining possible policy alternatives to alleviate rural poverty.

I. RECENT TRENDS IN RURAL POVERTY

In spite of the common perception of poverty as an urban phenomenon, poverty rates are actually higher in rural areas than in urban areas. According to Census Bureau data, in 1987 (the most recent year for which the data are available), 16.9 percent of the population living in nonmetropolitan areas had incomes below the poverty level, compared with 12.5 percent of the population of metropolitan areas. (The Census Bureau's poverty level for a family of three in 1987 was $9,056; poverty levels are adjusted each year to account for inflation.)

The higher poverty rates in nonmetropolitan areas are in part a result of the fact that the Census Bureau includes, as part of its "metropolitan" category, both central cities and the suburban areas around the central cities. The suburban areas tend to have far lower poverty rates than either central cities or nonmetropolitan areas. Lumping suburban and central city poverty rates together tends to produce metropolitan poverty rates that are lower than the poverty rates for central cities alone.

Not surprisingly, poverty rates are quite high in central city areas. What is striking, however, is that in 1987 a person living in a nonmetropolitan area is almost as likely to be poor as someone living in the central city of a metropolitan area.

In 1987, the poverty rate was 16.9 percent in nonmetro areas -- higher than the 12.5 percent poverty rate in metropolitan areas and almost as high as the 18.6 percent poverty rate in central cities.[1]

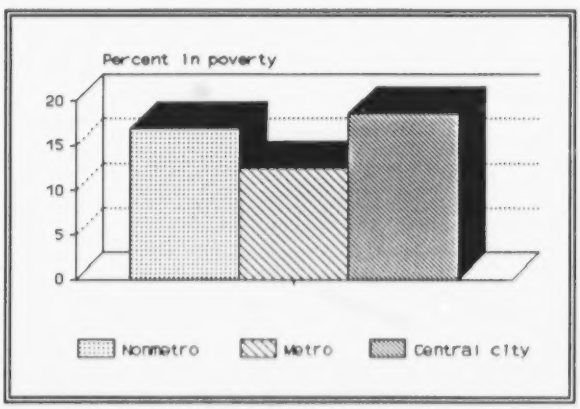

Figure 1
Poverty Rates (1987)
Nonmetro, Metro, Central City

Poverty Rates Rising

In both nonmetro and metro areas, poverty rates have risen considerably since the late 1970s. Compared to 1978, poverty rates have risen as much in nonmetro areas as in the nation's central cities. (Comparisons to 1978 are instructive because 1978 was a year in which economic conditions were about the same as in 1987. In 1978, the national unemployment rate was 6.1 percent, very close to the 6.2 percent rate for 1987.)

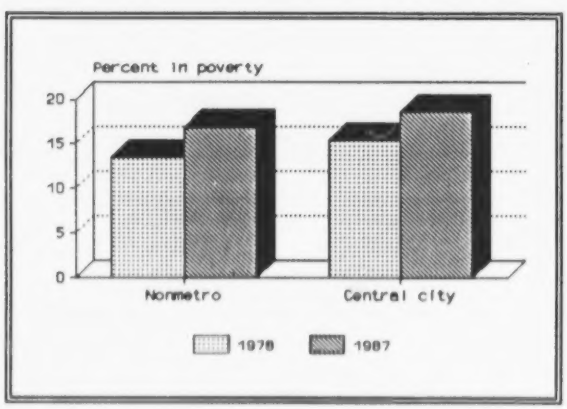

Figure 2
Poverty Rates 1978 - 1987
Nonmetro and Central City

Between 1978 and 1987, poverty rates in both nonmetro areas and central cities rose by more than one-fifth -- from 13.5 percent to 16.9 percent in nonmetro areas, and from 15.4 percent to 18.6 percent in central cities.

Definitions

In this paper, the terms "metropolitan" and "metro" are used synonymously to describe those areas designated by the Bureau of the Census as metropolitan statistical areas (MSA). The Census Bureau defines a metropolitan statistical area as "a geographic area consisting of a large population nucleus, together with adjacent communities which have a high degree of economic and social integration with that nucleus. The definitions specify a boundary around each large city so as to include most or all of its suburbs. Entire counties form the MSA building blocks, except in New England where cities and towns are used.... An area qualifies for recognition as an MSA if (1) it includes a city of at least 50,000 population, or (2) it includes a Census Bureau-defined urbanized area of at least 50,000 with a total metropolitan population of at least 100,000 (75,000 in New England)." (Bureau of the Census, U.S. Department of Commerce, *Poverty in the United States: 1985*, Series P-60, No. 158, October 1987, p. 159)

The terms "nonmetropolitan" and "nonmetro" are used to describe those areas that the Census Bureau designates as being outside a metropolitan statistical area.

The term "central city" is used as defined by the Census Bureau to mean the largest city or cities in a metropolitan statistical area. The central city would include all the area within the city boundaries, but none of the adjacent suburbs.

In fact, the nonmetro poverty rate for 1987, which was the fifth year of an economic recovery, was as high as the nonmetro poverty rate for 1975 (15.4 percent), the deepest recession year of the 1970s.[2]

Other Evidence of Increase in Rural Poverty

Because of a change in the definition of nonmetro and metro areas in 1984, some analysts believe that poverty rates in nonmetro areas before 1984 are not strictly comparable to poverty rates in nonmetro areas after that date.[3] However, data from other sources reinforce the conclusion that a large increase in poverty rates occurred in nonmetro areas over the past decade.

A U.S. Department of Agriculture analysis shows that the per capita income (average income per person) of people in nonmetro areas is lower than the per capita income of people in metro areas and that the difference has widened throughout the 1978 to 1986 period.[4] (The data used in this study are not currently available for 1987.) These data use the same designation of nonmetro and metro areas for the entire 1978 to 1986 period.

Data on metro and nonmetro unemployment rates also show nonmetro areas falling behind metro areas over the past decade. County level data on unemployment show that between 1978 and 1987, the unemployment rate rose by one-quarter in nonmetro counties, from 6.2 percent in 1978 to 7.9 percent in 1987.[5] During the same period, the unemployment rate in metro counties fell slightly, from 6.0 percent in 1978 to 5.7 percent in 1987.[6] These data use a consistent definition of metro and nonmetro counties for the entire 1978 to 1987 period.

These data on income and unemployment trends are particularly significant because poverty rates nearly always decline when unemployment rates fall and income rises. Similarly, when unemployment rises and income falls, poverty rates increase. The data show that when consistent definitions of metro and nonmetro areas are used throughout the period, nonmetro areas performed more poorly than metro areas. This provides further confirmation that poverty has risen at least as rapidly in nonmetro as in metro areas during this period.

II. EXTENT OF POVERTY IN RURAL AMERICA

Some groups within the U.S. population -- blacks and other minorities, families headed by single women, children and the elderly -- are more likely than others to be poor. In nonmetro areas, poverty rates among many of these low income groups are even higher than the poverty rates for the same groups living in central cities.

Racial and Ethnic Groups

Blacks living in nonmetro areas are more likely to be poor than black residents of central cities. White and Hispanic residents of nonmetro areas are just as likely to be poor as whites and Hispanics in central cities. In short, the poverty rates for every major racial and ethnic group analyzed by the Census Bureau -- whites, blacks, and Hispanics -- are as high or higher in nonmetro areas as they are in central cities.

Despite the popular perception of concentrated black poverty in the nation's cities, more than two-fifths (44.1 percent) of nonmetro blacks were poor in 1987, compared to one-third (33.3 percent) of blacks living in central cities.

Nonmetro whites and Hispanics are just as likely to be poor as their central city counterparts. (The differences in poverty rates between nonmetro and central city whites and between nonmetro and central city Hispanics are not statistically significant.)[7]

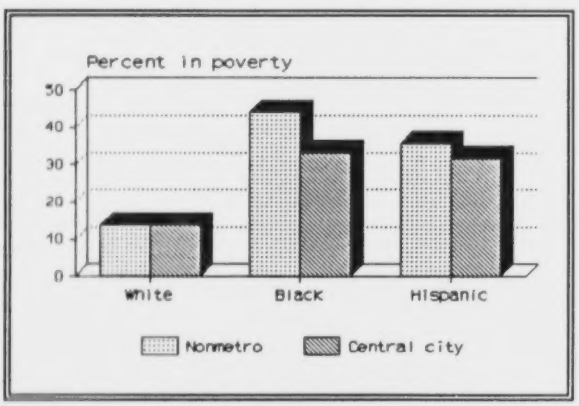

Figure 3
Poverty Rates by Race
Nonmetro and Central City

Female-headed Families

In both nonmetro and metro areas, families headed by a single woman are far more likely to be poor than families headed by two parents. Yet while families headed by a single woman in a central city area are very likely to be poor, poverty rates among female-headed families in nonmetro areas are just as high.

In 1987, the poverty rate for people living in families headed by a woman was almost identical in nonmetro areas (44.8 percent) and in central cities (44.4 percent).

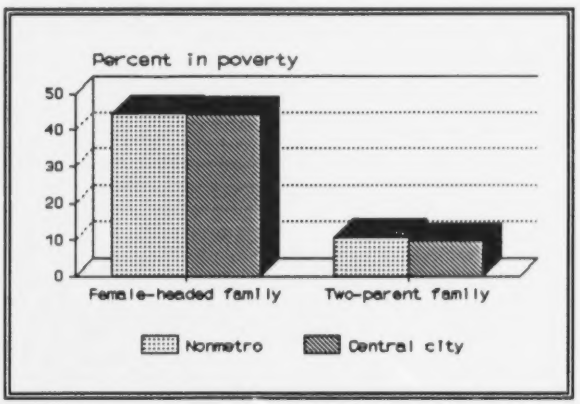

Figure 4
Poverty Rates by Family Type
Nonmetro and Central City

Two-parent Families

People living in families headed by two parents[8] are also just as likely to be poor in nonmetro areas as in the central cities. Moreover, blacks living in families headed by two parents are much more likely to be poor if they live in a nonmetro area.

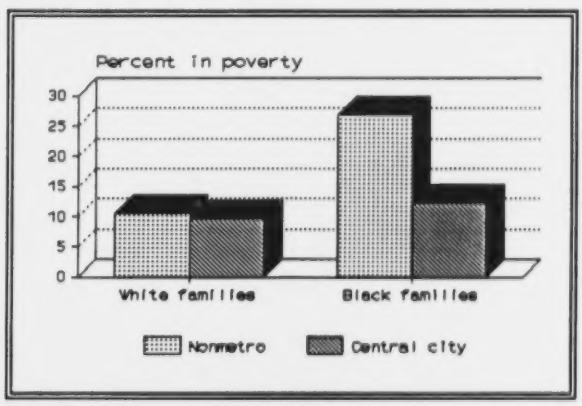

Figure 5
Poverty Among Two-Parent Families
Nonmetro and Central City

The poverty rate among people in two-parent families in nonmetro areas (10.6 percent) is not significantly different from the poverty rate among people in two-parent families in central cities (9.6 percent). Among blacks living in families headed by two parents, however, the poverty rate in nonmetro areas (27 percent) is more than twice as high as their poverty rate in central cities (12.3 percent).

Children

Children (younger than 18) are more apt to be poor than are adults. Children in nonmetro areas have poverty rates nearly as high as the poverty rates for children living in central cities. Among black children, those living in nonmetro areas have higher poverty rates than those living in central cities.

In nonmetro areas, nearly one-quarter of all children (23.1 percent) are poor, compared to a poverty rate of nearly three out of ten (29.6 percent) among children living in central cities. Among black children, however, more than half (57 percent) of those living in nonmetro areas are poor, compared to 46.2 percent of those in central city areas.

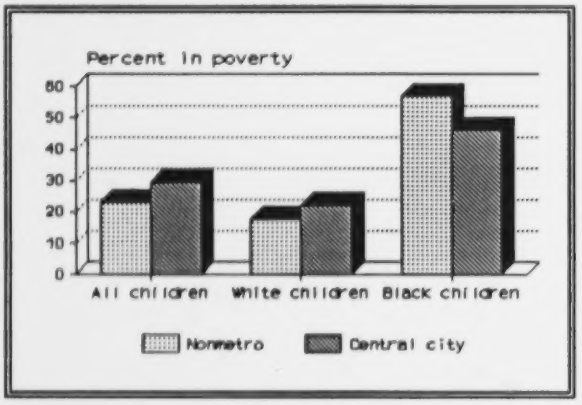

Figure 6
Poverty Rates for Children
Nonmetro and Central City

Young Families

A major reason for the high poverty rates of children is that the parents of young children tend to be young themselves -- and families headed by young adults are more likely to be poor than other families.[9]

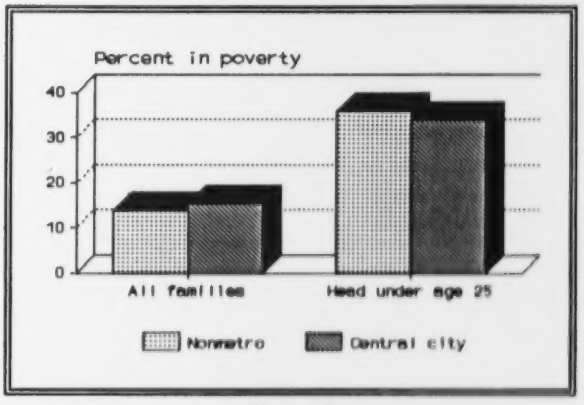

Figure 7
Poverty Among Young Families
Nonmetro and Central City

In 1987, the poverty rate for all families was slightly higher in the central cities (15.4 percent) than in nonmetro areas (13.8 percent). However, for families headed by someone under 25, the poverty rate in nonmetro areas (35.9 percent) was as high as the poverty rate in central cities (33.9 percent). (The difference between the poverty rates in nonmetro areas and in central cities for families headed by someone under 25 is not statistically significant.)

Elderly People

The nonmetro elderly (those 65 and older) are another group for whom poverty rates are as high or higher than for their central city counterparts.

In 1987, the poverty rate among elderly people living in nonmetro areas -- 15.6 percent -- was not significantly different from the poverty rate for elderly people in central cities -- 14.3 percent.

Among the black elderly, however, the differences are striking -- almost half (46.4 percent) of black elderly people in nonmetro areas lived in poverty, compared to more than one-quarter (29.1 percent) of the black elderly living in central cities.

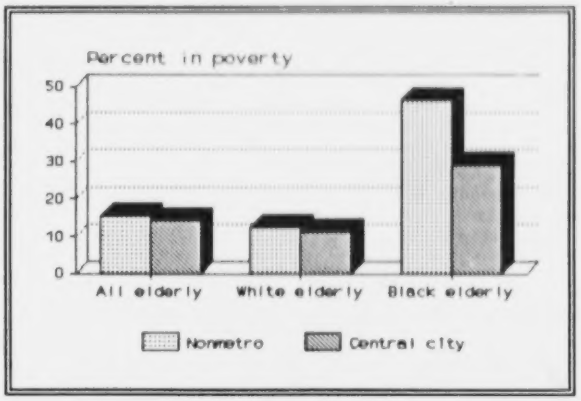

Figure 8
Poverty Among the Elderly
Nonmetro and Central City

The Very Poor

Among those whose incomes are below the poverty level, some have substantially lower incomes than others. The "very poor" can be defined as those whose incomes fall below *half* the poverty level -- below $4,528 for a family of three.

In both nonmetro areas and central cities, a substantial proportion of the poor -- about two-fifths of all poor people (38.6 percent of those in nonmetro areas and 40.4 percent of those in central cities) -- have incomes below half the poverty level.

Long-Term and Short-Term Poverty

The Census Bureau's poverty statistics show who is poor in a given year, but they do not distinguish between those people for whom poverty is a short-term experience and those who stay poor for many years. However, another source of data -- the Panel Study of Income Dynamics, developed by the Institute for Social Research at the University of Michigan -- does show how many of those in poverty remain poor year after year.

Unlike the Census Bureau figures, which are based on a new sample of the population taken each year, the Panel Study of Income Dynamics follows the same families for a number of years. The Panel Study of Income Dynamics can show not only how many families are poor in a given year, but also how long each of those poor families has been living in poverty.

As has been noted, nonmetro residents have higher poverty rates than metro residents in any given year. Once they fall into poverty, nonmetro residents are just as likely as residents of metro areas (central city and suburban areas combined)[10] to remain poor for many years.

Data from the Panel Study of Income Dynamics show that more than one-third (37 percent) of all nonmetro residents who were poor in 1982 (the latest year for which these data were analyzed) were also poor in at least three of the five years from 1978 to 1982. Of all metro residents who were poor in 1982, about the same proportion (36 percent) were poor for three years of the same five-year period.[11]

When data from the Panel Study of Income Dynamics for the most urban and the most rural areas are separated out, however, long-term poverty rates for the most rural residents are much higher than the rates for residents of the most urban areas. Of all residents of the most rural areas who were poor in 1979 (the reference year for this particular analysis of data from the Panel Study of Income Dynamics), just over half (52 percent) lived in poverty for at least eight of the 10 years from 1974 to 1983. By contrast, of all the residents of the most urban areas who were poor in 1979, fewer than two-fifths (39 percent) lived in poverty for eight years of the same ten-year period.[12]

In this analysis, "most rural" is defined as a county that is either classified among the most sparsely populated counties or that has an urban population of less than 20,000 and is not adjacent to a metropolitan area. An area classified as "most urban" is the geographically central county in a metropolitan area having a population of one million or more. These definitions differ from the Census definitions for "nonmetropolitan" and "metropolitan" areas.

III. THE FACES OF THE RURAL POOR

There are two ways to examine rural poverty. One way, which was explored in the previous chapter, is to determine the likelihood that members of a particular group of people will fall into poverty. This way of looking at the nonmetro poor found that those groups with the highest poverty rates are members of minority groups, families headed by single women, children, and the elderly.

The other way to look at the nonmetro poor is to focus on the composition of the population living in poverty. This way of looking at the poor examines the percentage of the poor population that consists of members of each group. In other words, instead of determining what percentage of children are poor, one determines what percentage of the poor are children.

Looking at the composition of the nonmetro poor reveals a picture of rural poverty different from the picture one gets from looking just at poverty rates. For example, although black residents of nonmetro areas are more likely than white nonmetro residents to be poor, the vast majority of the nonmetro poor are white. This is because the nonmetro population at all income levels is predominantly white.

The composition of the poor in nonmetro areas is significantly different from the composition of the poor in central cities. Unlike the central city poor, the nonmetro poor are more likely to be white, to live in families headed by two parents, to be concentrated in the South, and to work. In addition, while the proportion of adults who are poor is similar in both central cities and nonmetro areas, the nonmetro poor are somewhat more likely to be elderly.

In 1987, almost three-quarters (71.3 percent) of the nonmetro poor were white; one-quarter (25.0 percent) of the nonmetro poor were black. (Hispanics, who may be of any race but most of whom are classified as white, made up 5.6 percent of the nonmetro poor population.)

By contrast, the poor in central cities are more likely to be black or Hispanic. While whites made up a majority (54.2 percent) of the central city poor in 1987, two out of five (40.1 percent) of the central city poor were black. (Nearly one-quarter -- 23.8 percent -- were Hispanic.)

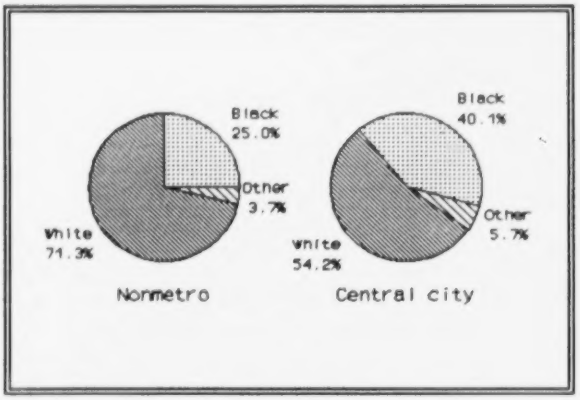

Figure 9
Poor Population by Race
Nonmetro and Central City

The proportion of families headed by two parents is much greater among the nonmetro poor than among the poor in central cities.

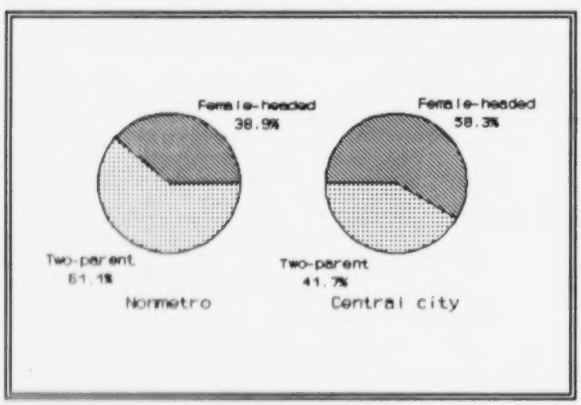

Figure 10
Poor Population by Family Type
Nonmetro and Central City

Of all the nonmetro poor who live in families, three out of five (61.1 percent) live in families which are headed by two parents. Less than two out of five (38.9 percent) live in families headed by a single woman. (Those who do not live in families live alone or with people who are not related to them.)

In central cities, on the other hand, more than half (58.3 percent) of those who live in families are in female-headed families, while 41.7 percent live in two-parent families.

The number of children plus the number of elderly people make up approximately one-half of both the nonmetro and the central city poor. However, the poor in nonmetro areas are somewhat more likely to be elderly than the poor in central cities.

Some 12.6 percent of the nonmetro poor are 65 or older, compared to 9.2 percent of the central city poor.

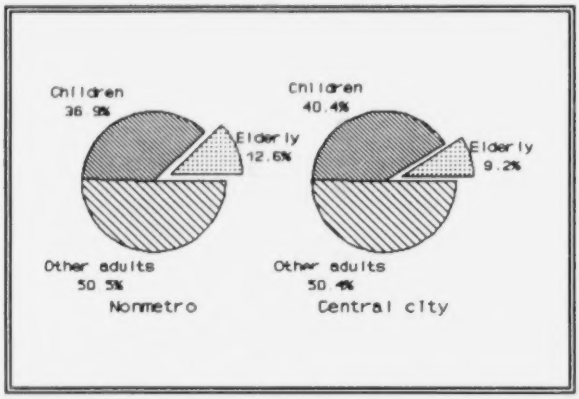

Figure 11
Poor by Age
Nonmetro and Central City

Poor residents of nonmetro areas are also more likely than the poor in metro areas (central cities and suburban areas combined) to have one or more family members who work.[13]

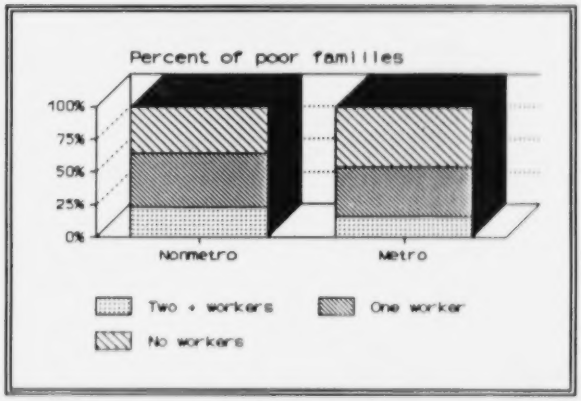

Figure 12
Number of Workers
Nonmetro and Metro

In 1987, nearly two-thirds (64.6 percent) of poor families living in nonmetro areas contained at least one worker, and nearly one-quarter (23.4 percent) had at least two workers. By contrast, a little more than half (54.1 percent) of metro poor families had at least one worker and 15.9 percent had two or more workers.

Moreover, of all poor family heads who are not retired, ill, or disabled, a larger proportion of nonmetro than metro poor family heads work full-time throughout the year.

In almost one-fourth (24.3 percent) of all nonmetro poor families headed by someone who is not retired, ill, or disabled in 1987, the family head worked full-time throughout the year. By contrast, of all metro poor families headed by someone not retired, ill, or disabled, 16.2 percent of the family heads worked full-time year-round.

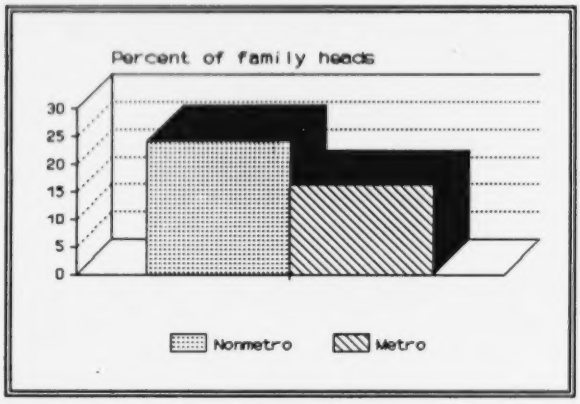

Figure 13
Family Heads Working Full-Time
Nonmetro and Metro

Long-term and Short-term Poor

As has been noted, among the poor are those for whom poverty is a temporary condition and those who stay poor for many years. Those nonmetro residents who are long-term poor (poor at least three out of five years) are more likely than nonmetro residents who are poor for a shorter period of time (poor for one or two years out of a five-year period) to be black, or elderly, or to live in a family headed by a single woman.

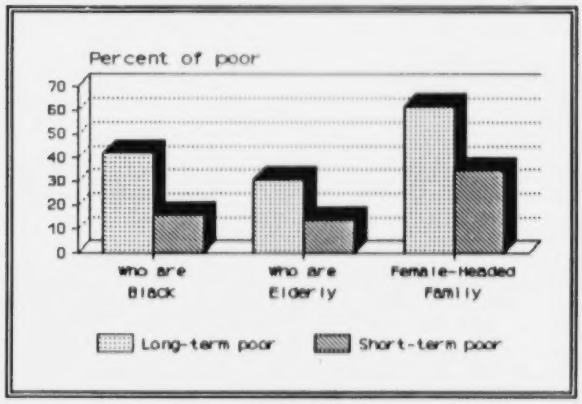

Figure 14
Characteristics
Long vs. Short-Term Poor
Nonmetro

Four out of 10 (42 percent) nonmetro residents who are poor for three out of five years are black, compared to 16 percent of those nonmetro residents who are poor for only one or two years. Nearly one-third (31 percent) of the long-term nonmetro poor are elderly, compared to 14 percent of the short-term poor. Of all long-term poor nonmetro households, three-fifths (62 percent) are headed by a single woman, or consist of a single woman (many of whom are elderly) living alone, compared to 35 percent of those who are poor for a shorter period of time.[14]

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SUBSTITUTE THIS PAGE FOR PAGE 17 OF THE REPORT

IV. GEOGRAPHY OF RURAL POVERTY

More than the faces of the urban poor, the faces of the rural poor differ according to the region in which they live. Both the depth and the nature of poverty are different in the nonmetro South than in the nonmetro areas of the other regions of the country.

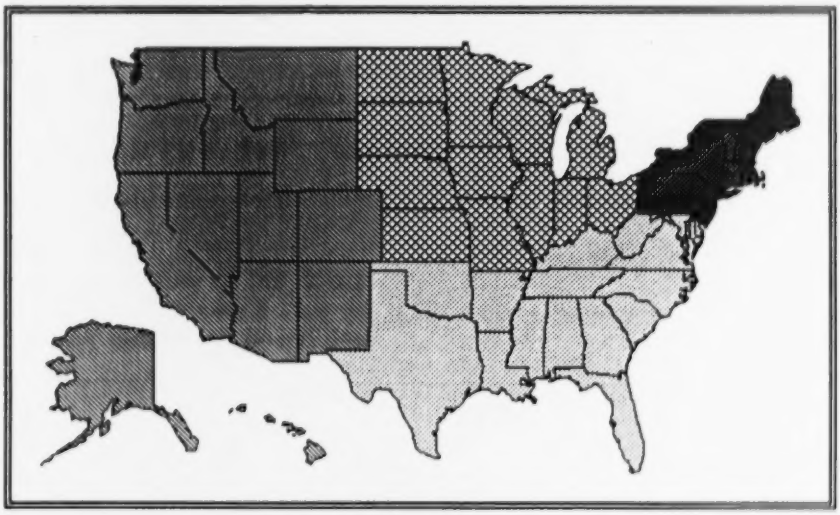


Figure 15
Census Regions

The 17 states designated by the Census Bureau as constituting the South (see map) are more rural than the rest of the country.[15] The South contains slightly more than one-third (34.2 percent) of the total U.S. population, but more than four out of ten (43.4 percent) nonmetro residents.

The nonmetro South also has a higher poverty rate than the nonmetro areas of the other regions.

The poverty rate for the nonmetro South was 22.4 percent in 1986.[16] *This was significantly higher than the 18.3 percent nonmetro poverty rate in the West or the 14.4 percent rate in the Midwest and twice as high as the 11.2 percent rate in the Northeast.*

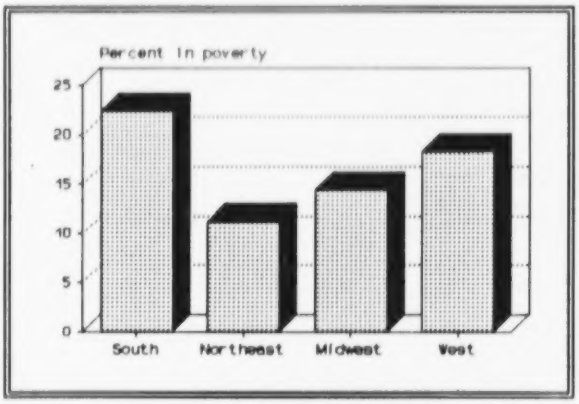
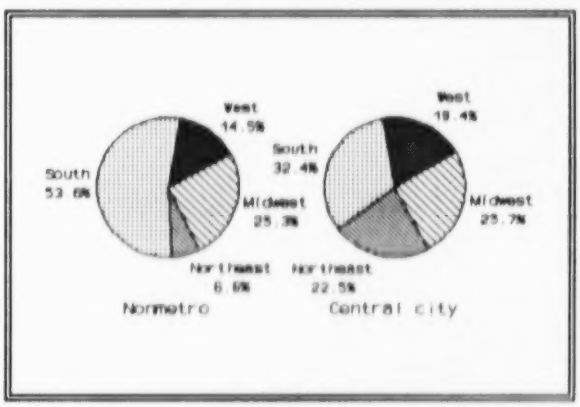


Figure 16
Poverty Rates by Region
Nonmetro (1986)

Because the South contains a larger proportion of nonmetro residents than any other region of the country and because the nonmetro South has such a high poverty rate, a very large percentage of all nonmetro poor live in the South.



Slightly more than half (53.6 percent) of the nonmetro poor live in the South, one-quarter (25.3 percent) in the Midwest, 14.5 percent in the West and only 6.6 percent in the Northeast. Central city poverty is much more evenly divided among the four regions of the country.

Figure 17
Percent of Poor in Each Region
Nonmetro and Central City (1986)

The black nonmetro poor are especially concentrated in the South -- 97 percent of poor nonmetro blacks live in the southern states. In fact, 94 percent of nonmetro blacks of all income levels live in the South. This geographical concentration is due to the fact that in other regions of the country, blacks live primarily in metro areas; in the South, a much larger percentage of blacks live in nonmetro areas.

Blacks constitute 41.8 percent of the nonmetro poor living in the South, but make-up far lower proportions of the nonmetro poor in the other regions. Just 1.2 percent of the nonmetro poor in the Northeast are black, 2.3 percent in the Midwest, and 0.1 percent in the West. In these three regions, almost all of the nonmetro poor are white (including some who are Hispanic).

The nonmetro South is also characterized by poverty that is more persistent than is true in other regions. In a series of studies, the U.S. Department of Agriculture examined the per capita income (average income per person) of all nonmetro counties in each of five specific years that spanned more than three decades (1950, 1959, 1969, 1979, and 1984).[17] In these studies, "low-income counties" were defined, in each year that was examined, as those counties that fell into the bottom fifth of all nonmetro counties based on per capita income. Of the 2,443 nonmetro counties examined, 206 were classified as being low-income counties in each of the five study years. These 206 counties were classified as "persistently low-income counties".

All but 18 of the persistently low-income counties were located in the South. Nearly half of the persistently low-income counties were located in just three states -- Kentucky, Mississippi, and Tennessee.

An earlier U.S. Department of Agriculture study of the persistently low-income counties had found that a higher proportion of the population of these counties was black, disabled, or lived in families headed by women than was true of nonmetro counties generally.

One-quarter (25.1 percent) of the population of the persistently low-income nonmetro counties was black compared to 8.7 percent of the population of all nonmetro counties. In these persistently low-income counties, 14.2 percent of families were headed by single women compared to 10.9 percent for all nonmetro counties. Those with a work-limiting disability made up 14.4 percent of the residents of the persistently low-income counties compared to 10 percent of the population of all nonmetro counties.[18]

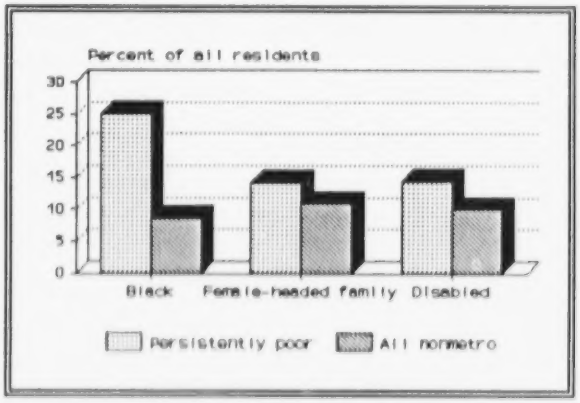


Figure 18
Characteristics of Residents in Persistently Low-Income Nonmetro Counties

CONCLUSION

Poverty rates in nonmetro areas have risen substantially since the late 1970s. These rates are now considerably higher than the poverty rates for metropolitan areas as a whole and close to the rates for central cities. Poverty rates have climbed as fast or faster in nonmetro America during this period as in the nation's cities.

In nonmetro areas, as in the rest of the nation, the most disadvantaged groups -- blacks, families headed by women, young families, and children -- are those who are most likely to be poor. For some of these groups, most notably blacks, poverty is even more prevalent in nonmetro areas than in the central cities.

In spite of this, the vast majority of the rural poor do not fit the common stereotypes of the poor. Most of the poor in nonmetro areas are white -- in fact, outside the South, nearly all the nonmetro poor are white. In addition, the nonmetro poor who live in families are primarily found in families headed by two parents and most families contain at least one worker. Elderly people also comprise a larger share of the nonmetro than of the metro poor. In addition, rural poverty is far more concentrated in some regions of the country than in others -- more than half of all the nonmetro poor live in the South.

Efforts to find solutions to the problems of rural poverty must take these characteristics of the rural poor into account. Programs and policies designed to assist two-parent families and the working poor are likely to have an especially pronounced impact on rural poverty (although initiatives aimed at poor single-parent families will continue to be needed). Programs to supplement the incomes of the elderly poor are also likely to have a disproportionate impact in rural areas.

Endnotes

1. Unless otherwise noted, all data in this report are from the U.S. Bureau of the Census, *Poverty in the United States: 1986*, Series P-60, No. 160, *Money Income and Poverty Status in the United States: 1987*, Series P-60, No. 161, and unpublished tables.

2. The nonmetro poverty rate in 1987 was not, however, as high as it had been in the early 1970s, when it stood at 17.2 percent in 1971. The poverty rate in nonmetro areas has historically been quite high -- higher than the central city poverty rate. The nonmetro poverty rate remained higher than the central city rate through the early 1970s, then moved slightly downward until 1979, when poverty rates for the entire nation began to rise.

3. Between 1983 and 1985 (no metro/nonmetro data was published by Census in 1984), the Census Bureau changed the areas it designated as metropolitan and nonmetropolitan, moving about 28 percent of the population formerly designated as nonmetro into the metro category. The areas whose designation was changed were somewhat more likely to be prosperous than the areas that remained in the nonmetro category; thus the redesignation would tend to raise the poverty rate a certain amount for the nonmetro areas.

The increase in the nonmetro poverty rate that results from this redesignation appears to be modest, however. Between 1983 and 1985, the nonmetropolitan poverty rate remained level at 18.3 percent, while the metropolitan poverty rate declined by just over one percentage point from 13.8 percent to 12.7 percent.

An examination of employment and income data indicates that if the designations of metro and nonmetro areas had not changed, the metro poverty rate would have declined by more than the nonmetro rate during this period. When constant designations of metro and nonmetro areas are used, the metro unemployment rate is found to have fallen by more than the nonmetro rate during the 1983-1985

period, while per capita income is found to have risen faster in metro areas than in nonmetro areas during these years.

Thus, it is likely that if there had been no redesignation of metro and nonmetro areas, the nonmetro poverty rate would have declined by no more than about one percentage point between 1983 and 1985 (the amount that the metro poverty rate declined) and probably by less than that. Therefore, an "upper bound estimate" can be made that the redesignation added no more than one percentage point to the nonmetro poverty rate.

As noted, from 1978 to 1987, the nonmetro poverty rate climbed by more than three percentage points, from 13.5 percent to 16.9 percent. The redesignation of metro and nonmetro areas thus appears to account for no more than (and probably less than) one-third of the increase.

4. Robert A. Hoppe, "Nonmetro poverty: trends and technicalities", Background information prepared for a symposium sponsored by the Congressional Research Service, September 29 and 30, 1988.

5. Unpublished data, U.S. Department of Agriculture, and U.S. Department of Labor.

6. Unpublished tables compiled by the Economic Research Service, U.S. Department of Agriculture from data collected by the Bureau of Labor Statistics, U.S. Department of Labor.

7. The use of the term "significant" when discussing poverty rates in this report refers to the statistical significance of the difference between two rates. Because the Census Bureau poverty figures are based on a sample of the U.S. population, some sampling error is inherent in the numbers (as in all figures based on sample surveys). Therefore, what appears to be a small difference between two poverty rates may in fact be a variation due to sampling error rather than a real difference in the rates. A test for statistical significance will reveal the likelihood that the apparent difference is due to a real difference in the rates. Differences in poverty rates that do not meet statistical standards are referred to in this report as "not significant".

8. In most published tables, the Census Bureau classifies families headed by a single man in the same category as families headed by two parents. Thus the category "two-parent families" as used in this report includes a small number of male-headed families. However, the number of families headed by a man is less than 10 percent of the total number of families in this category and is unlikely to affect significantly the characteristics of this group.

9. For a more extensive discussion of poverty among young families, see William P. O'Hare, *The Rise of Poverty in Rural America*, Population Reference Bureau, Inc., Washington, DC, July 1988.

10. These data are not available separately for central cities.

11. Unpublished data from the Panel Study of Income Dynamics, analyzed by Greg J. Duncan and Terry Adams, Institute for Social Research, University of Michigan, Ann Arbor.

12. Peggy J. Ross and Elizabeth S. Morrissey, "Two Types of Rural Poor Need Different Kinds of Help", *Rural Development Perspectives*, Volume 4, Issue 1, Economic Research Service, U.S. Department of Agriculture, October 1987.

13. These data are not available separately for central cities.

14. Peggy J. Ross and Elizabeth S. Morrissey, "Two Types of Rural Poor Need Different Kinds of Help", *Rural Development Perspectives*, Volume 4, Issue 1, Economic Research Service, U.S. Department of Agriculture, October 1987.

15. According to the definition used by the Census Bureau, the South includes the states of Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

The states of the Northeast are Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

Midwestern states include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

In the West are Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

16. Data on poverty for nonmetro areas in the four regions are not available for 1987.

17. Donald L. Bellamy, "Economic and Socio-Demographic Change in Persistent Low-Income Counties: An Update", paper to be presented at the 1988 Annual Meeting of the Southern Rural Sociological Association, New Orleans, Louisiana.

18. Robert A. Hoppe, *Economic Structure and Change in Persistently Low-Income Nonmetro Counties*, U.S. Department of Agriculture, Economic Research Service, Rural Development Research Report Number 50, October 1985

Appendix

The attached tables contain data on poverty among nonmetro, central city, and metro populations. Much of this information is included in the text of the report. Some of the figures, however, were not included in the text of the report because the differences between nonmetro and central city groups (or between nonmetro and metro groups) were not statistically significant.

"Statistical significance" as used in this context refers to the likelihood that the difference between two figures reflects a real difference in the characteristics of the population, instead of simply a variation in the sample. The data on which this report is based are gathered by the Census Bureau in annual surveys of the U.S. population. These surveys are taken of a sample of the population, and the Census Bureau develops national figures based on the sample. As in all sample surveys, there is some sampling error inherent in the figures.

A statistical significance test will reveal the probability that the difference between two numbers is a real difference in the surveyed populations, rather than simply a variation in the sample. Differences between two figures were not reported as significant in the text unless there was at least a 90 percent probability that the difference did not occur by chance. The 90 percent level is a standard commonly used in significance testing.

Table A-I

Poverty Rates 1970 - 1987
Nonmetro, Metro, Central City

	Nonmetro	Total Metro*	Central city
1970	16.9%	10.2%	14.2%
1971	17.2%	10.4%	14.2%
1972	15.3%	10.3%	14.7%
1973	14.0%	9.7%	14.0%
1974	14.2%	9.7%	13.7%
1975	15.4%	10.8%	15.0%
1976	14.0%	10.7%	15.8%
1977	13.9%	10.4%	15.4%
1978	13.5%	10.4%	15.4%
1979	13.8%	10.7%	15.7%
1980	15.4%	11.9%	17.2%
1981	17.0%	12.6%	18.0%
1982	17.8%	13.7%	19.9%
1983	18.3%	13.8%	19.8%
1984**			
1985	18.3%	12.7%	19.0%
1986	18.1%	12.3%	18.0%
1987	16.9%	12.5%	18.6%

* Includes both central city and suburban areas

** Data for 1984 not available

Table A-II

Poverty Rates by Race and Ethnic Origin
Nonmetro, Metro, Central City

	Nonmetro	Total Metro*	Central City
White	13.7%**	9.6%	13.8%**
Black	44.1%	30.7%	33.3%
Hispanic***	35.6%**	27.6%	31.7%**

* Includes both central city and suburban areas.

** Difference between nonmetro poverty rate and central city poverty rate not statistically significant.

*** Persons of Hispanic origin also included in the above racial categories.

Table A-III

Poverty Rates by Age and Family Type
By Race
Nonmetro and Central City

	Nonmetro			Central City		
	All	White	Black	All	White	Black
Family type						
Female-headed	44.8%*	35.8%*	63.0%*	44.4%*	34.3%*	55.8%*
Two-parent	10.6%*	9.3%*	27.0%	9.6%*	8.3%*	12.3%
Children						
Under age 6	27.3%*	21.4%*	65.7%*	31.4%*	24.6%*	48.6%*
Female-headed family	70.7%*	64.6%*	81.2%*	69.9%*	65.8%*	73.0%*
Two-parent family	17.9%*	15.2%*	48.3%	16.9%*	15.3%*	18.7%
Under age 18	23.1%	17.9%	57.0%	29.6%	22.3%	46.2%
Female-headed family	60.3%*	51.3%*	76.7%*	60.7%*	51.9%*	68.9%*
Two-parent family	14.7%*	12.8%*	35.6%	15.1%*	13.7%*	15.8%
Elderly						
All elderly persons	15.6%*	12.6%*	46.4%	14.3%*	11.3%*	29.1%
Alone/w nonrelatives**	29.9%	25.4%	68.9%*	25.4%	20.6%	50.8%*
Male	24.9%*	21.1%*	47.4%*	19.6%*	14.1%*	40.8%*
Female	31.5%*	26.7%*	79.9%*	27.3%*	22.5%*	54.9%*
Age of family head						
All ages	13.8%	11.0%*	40.0%	15.4%	10.7%*	30.7%
Head under 25	35.9%*	30.3%*	77.3%*	33.9%*	25.8%*	55.1%*
Head 25-34	19.2%*	15.2%*	51.5%*	21.1%*	14.7%*	40.4%*

* Difference between nonmetro poverty rate and central city poverty rate not statistically significant.

** Elderly persons living alone or with people who are not related to them

Table A-IV

Percent of Poor Below Half of the Poverty Level
Nonmetro and Central City

	Nonmetro			Central City		
	All	White	Black	All	White	Black
All persons	38.6%*	35.6%*	46.4%*	40.4%*	37.1%*	44.4%*
Children	44.7%*	39.1%*	57.2%*	45.7%*	41.8%*	50.6%*

* Difference between proportion of poor below half poverty level in metro and central city areas not statistically significant.

Table A-V

Composition of Poor Population
Nonmetro and Central City

	Nonmetro	Central City
All poor	100.0%	100.0%
Race/ethnic origin		
White	71.3%	54.2%
Black	25.0%	40.1%
Other races	3.6%	5.7%
Hispanic*	5.6%	23.8%
Living in families**		
Two-parent family	61.1%	41.7%
Female-headed family	38.9%	58.3%
Age		
Children under 18	36.9%***	40.4%***
Adults 19-64	50.4%***	50.3%***
Elderly over 65	12.6%	9.2%

* Persons of Hispanic origin are also included in the above racial categories.

** Includes only those poor who live in families. Poor persons living alone or with people who are not related to them are not included in this category.

*** Difference between proportion of nonmetro poor and proportion of central city poor in this category not statistically significant.

Table A-VI

Poverty by Region
Nonmetro and Central City

Percent of population in poverty		
	Nonmetro	Central city
South	22.4%	18.3%
Northeast	11.2%	18.6%
Midwest	14.4%	20.3%
West	18.3%	15.0%
TOTAL U.S.	16.9%	18.6%

Percent of poor population in each region		
	Nonmetro	Central city
South	53.6%	32.4%
Northeast	6.6%	22.5%
Midwest	25.3%	25.7%
West	14.5%	19.4%
TOTAL U.S.	100.0%	100.0%